

EV

CONFIDENTIAL

(5-30-96)

Because of the sensitivity of the issues involved, I am going to read a prepared statement to you regarding American Express. I apologize that the circumstances require that I do it in this formal way.

STATEMENT TO MEMBERS

As you know, American Express has announced its intention to invite banks to participate with them in the issuance and marketing of American Express cards.

You may have seen our recent member communication indicating that management would be making a recommendation to the MasterCard Board of Directors, at its June meeting, regarding MasterCard's position on its members signing on with American Express.

The purpose of my contacting you is so that I can ascertain how MasterCard's decision on this issue might impact its business. To that end, I would appreciate if you would think about the following questions, discuss them with the appropriate people—but only those within your bank—determine your institution's viewpoint, and call me within the next few days with your answers.

QUESTION: Were the Board to adopt a policy that would allow members to issue American Express cards, what would be the reaction of your institution. (If answer provided does not indicate whether institution would or would not support the brand, in contrast to its level of support today, the following followup question should be asked).

GOVERNMENT
DEPOSITION
EXHIBIT
1149

P-0289

MC 84351

FOLLOW-UP QUESTION (if necessary): Would your institution be more / the same / less supportive of MasterCard were we to adopt such a policy?

NEXT QUESTION: Were the Board to adopt a policy which would not allow members to issue American Express cards, what would be the reaction of your institution. (If answer provided does not indicate whether institution would or would not support the brand, in contrast to its level of support today, the following followup question should be asked).

FOLLOW-UP QUESTION (if necessary): Would your institution be more / the same / less supportive of MasterCard were we to adopt such a policy?

END OF PREPARED STATEMENT

Possible questions that might arise.

1. Should we be expressing our position to Visa on this point?

A. We are asking you these questions so as to help us determine what is in the best interest of MasterCard and the MasterCard brand. Any decision that we make will be independent of Visa and we would ask you NOT to discuss with Visa your communication with us nor should you inform us of any discussion you may or may not have had with Visa or anyone else on this issue.

2. Should we be talking to other banks outside our organization?

A. In determining your institution's viewpoint, we would ask that you do so only based on internal discussions within your own organization.

Fax Sheet

MasterCard
International



To

Alan Heuer

Company/Department

Tel. #

Fax #

5-4111

Date

5-30-96

Subject

From

Noah Hanft

Department

Tel. #

5-5595

Fax #

Total Pages

3

Message

Alan:

Attached is the statement that we are using.

Copies To

MC 84353

** TX CONFIRMATION REPORT **

AS OF MAY 30 '96 09:17 PAGE.01

LAW DEPT

	DATE	TIME	TO/FROM	MODE	MIN/SEC	PGS	CMD#	STATUS
02	05/30	09:16	54111	UF--S	00'33"	003		OK

MC 84354

Fax Sheet

CONFIDENTIAL

MasterCard
International



HYATT: PLEASE NOTIFY AND/OR DELIVER TO MR. WRIGHT ASAP

<i>To</i>	<i>From</i>
Tom Wright, c/o HYATT HOTEL—Rm. 1539	Noah Hanft
<i>Company/Department</i>	<i>Department</i>
MasterCard	Legal
<i>Tel. #</i>	<i>Tel. #</i>
602-252-1234	914-249-5595
<i>Fax #</i>	<i>Fax #</i>
602-254-9472	914-249-4261
<i>Date</i>	<i>Total Pages</i>
5-30-96	3
<i>Subject</i>	

Message

Attached is document we just spoke about via telephone.

Copies To

MC 84355

** TX CONFIRMATION REPORT **

AS OF MAY 30 '96 11:16 PAGE.01

LAW DEPT

	DATE	TIME	TO/FROM	MODE	MIN/SEC	PGS	CMD#	STATUS
07	05/30	11:15	916022549472	EC--S	00'55"	003		OK

MC 84356

CONFIDENTIAL

(5-29-96)

Because of the sensitivity of the issues involved, I am going to read a prepared statement to you regarding American Express. I apologize that the circumstances require that I do it in this formal way.

STATEMENT TO MEMBERS

As you know, American Express has announced its intention to invite banks to participate with them in the issuance and marketing of American Express cards.

You may have seen our recent member communication indicating that management would be making a recommendation to the MasterCard Board of Directors, at its June meeting, regarding MasterCard's position on its members signing on with American Express.

The purpose of my contacting you is so that I can ascertain how MasterCard's decision on this issue might impact its business. To that end, I would appreciate if you would think about the following questions, discuss them with the appropriate people—but only those within your bank—determine your institution's viewpoint, and call me within the next week with your answers.

QUESTION: Were the Board to adopt a policy that would allow members to issue American Express cards, what would be the reaction of your institution. (If answer provided does not indicate whether institution would or would not support the brand, in contrast to its level of support today, the following followup question should be asked).

MC 84357

FOLLOW-UP QUESTION (if necessary): Would your institution be more / the same / less supportive of MasterCard were we to adopt such a policy?

NEXT QUESTION: Were the Board to adopt a policy which would not allow members to issue American Express cards, what would be the reaction of your institution. (If answer provided does not indicate whether institution would or would not support the brand, in contrast to its level of support today, the following followup question should be asked).

FOLLOW-UP QUESTION (if necessary): Would your institution be more / the same / less supportive of MasterCard were we to adopt such a policy?

END OF PREPARED STATEMENT

Possible questions that might arise.

1. Should we be expressing our position to Visa on this point?

A. We are asking you these questions so as to help us determine what is in the best interest of MasterCard and the MasterCard brand. Any decision that we make will be independent of Visa and we would ask you NOT to discuss with Visa your communication with us nor should you inform us of any discussion you may or may not have had with Visa or anyone else on this issue.

2. Should we be talking to other banks outside our organization?

A. In determining your institution's viewpoint, we would ask that you do so only based on internal discussions within your own organization.

REDACTED

9

MasterCard is in the process of reviewing and analyzing the position expressed by Mr. Gallob of American Express with a view towards determining what action, if any, it might take. In doing so, as always, we will consider what is in the best interest of the association and the brand taking into account the interest and perspectives of our members. We will continue to seek to foster an environment that provides MasterCard cardholders with a vast array of product choices in an increasingly competitive environment.

We do believe that American Express' announcement demonstrates the strength and success of the MasterCard strategy and product and reflects an admission by American Express that its present strategy and product offering is inferior to MasterCard's.

MasterCard has no explicit rule which addresses the ability of its members to issue American Express cards. Our response to the American Express action will depend upon the analysis discussed above which will take into account the interest of the association and our membership. While that process is under way, we suggest that our members withhold taking any action until the review process has concluded and a position is announced consistent with the MasterCard governance process.